MECS 516: Topics in formal political theory

POLITICAL ECONOMICS

Preliminary Syllabus – Fall 2011

Professor: Bård Harstad (harstad@kellogg.northwestern.edu)
Time: First meeting: Friday 9-10:30, Sept 23rd
Location: 586

This class covers the standard tools and theories of modern political economics. We take a contract-theoretical approach to politics, political agents, and political institutions. Political agents are players in the game, and the rules of the game are determined by alternative political institutions.

Note: This class complements MECS 466, without building on it. Thus, MECS 466 is not a pre-requisite.

Topics:
1. Introduction
2. Politicians as agents
3. Comparative political institutions
4. Common agency: Interest groups and lobbying
5. Bureaucrats
6. Multiple local governments: Tibout, tax competition, voting with the feet
7. Central v local governments: Federalism
8. International political economics
9. Reform I: Privatization (Markets v politics)
10. Reform II: Democratization (Democracies v oligarchies)

The grades will be based on the following requirements:

(i) 40%: Final exam
(ii) 30%: Present a non-starred paper from the reading list. Prepare this well, as if it were your job market paper
(iii) 20%: Participation
(iv) 10%: Write and present a referee report on a starred (*) paper from the reading list (10 minutes)
Reading List (of these, approximately 3 papers will be covered and required each week. Some of them are marked with *):

1. Introduction and Motivation

2. Politicians as Agents
   **Further reading:**

3. Comparative Institutions
   **Further reading:**

4. Common Agency
   *Baron (2011): “The Industrial Organization of Private Politics,” WP.
5. Bureaucrats


6. Multiple Local Governments
Wooders (1978): “Equilibria, the core, and jurisdiction structure in economies with a local public good”, *Journal of Economic Theory*.

7. Fiscal Federalism
* Lecture note – to be distributed
Econometrica 64.

Further reading:

8. International Political Economics

Further reading:
Alesina and Spolaore (2004): The size of nations, MIT Press.

9. Privatization

Further reading:

10. Reforms and Democratization
Further reading: